

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6674**  
**BILL NUMBER: SB 585**

**DATE PREPARED:** Jan 13, 1999  
**BILL AMENDED:**

**SUBJECT:** Property tax credit for low-income elderly homeowners.

**FISCAL ANALYST:** Bob Sigalow  
**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures			16,400,000
Net Increase (Decrease)			(16,400,000)

**Summary of Legislation:** This bill provides a property tax credit to homestead owners who are at least 65 years of age and who have adjusted gross incomes of less than \$30,000. It provides that the credit for an individual with no adjusted gross income is equal to one-half of the net property tax bill on the individual's homestead, and provides that the credit is phased out as the individual's adjusted gross income approaches \$30,000. The bill provides that the property tax credit is payable from the Property Tax Replacement Fund and it makes an appropriation from the Property Tax Replacement Fund to pay for the property tax credits.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:** Under this proposal, homeowners who are age 65 or over may file a statement with the county auditor claiming a credit against their net property tax bill. The maximum credit would be equal to one-half of a taxpayer's net property tax bill and would be phased out completely by the time that a taxpayer's income reaches \$30,000

In CY 2000, the net property tax paid by homeowners age 65 and over is estimated at \$437 million. The amount of the credit under this bill is estimated at \$32.8 million in CY 2001, \$36.5 million in CY 2002, and \$37.5 million in CY 2003. On a fiscal year basis, the cost of the credit to the state is estimated at **\$16.4 million in FY 2001 (½ year), \$34.6 million in FY 2002, and 37.0 million in FY 2003.** (The larger increase

in the credit in CY 2002 is due to (1) the general real property reassessment scheduled to take effect in CY 2002, and (2) the scheduled reduction of homestead credits from 10% to 4%, also in CY 2002.)

This credit would be paid from the Property Tax Replacement Fund (PTRF). This fund is supplemented by the General Fund annually to meet obligations. An increase of expenditures from the PTRF would ultimately impact the General Fund.

This impact assumes that all eligible recipients of the proposed credit will file for the credit as soon as it would be effective.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local governments would be responsible for printing and processing the claim forms for the credit. This would create an indeterminable cost increase for the County Auditor's offices.

**Explanation of Local Revenues:** There would be no impact on local tax revenues. Local units of government would continue to receive the same total tax revenues, regardless of the source.

**State Agencies Affected:** State Board of Tax Commissioners; Indiana Department of Revenue.

**Local Agencies Affected:** County Auditors.

**Information Sources:** Property Tax Analysis, State Board of Tax Commissioners; Local Government Database; U.S. Dept. of Commerce, Bureau of the Census; Consumer Expenditure Survey, U.S. Bureau of Labor and Statistics.